

**ORA DATA REQUEST
REVISED ORA-SCG-146-MRK
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: MARCH 1, 2018
DATE RESPONDED: MARCH 15, 2018**

Exhibit Reference: SCG-41

SCG Witness: Steffen

Subject: Miscellaneous Revenues/CIAC

Please provide the following:

1. In response to data request ORA-SCG-114-MRK, SCG provided ORA with a copy of Tariff Rule 20 and Tariff Rule 21 to document the distinction between applicant performed work and company work for CIAC and CAC projects. ORA has some questions regarding these Tariff Rules:

- a. Re Tariff Rule 20: Sheet 1, Paragraph A3 (Special or Added Facilities). Please clarify the treatment of the Applicant's contribution with respect to its accounting as a CAC advance or a CIAC contribution, clarifying the difference in accounting if the applicant or the utility performs the work.
- b. Sheet 2, Paragraphs B1 and B2 (Installation Responsibilities). Please clarify the treatment of the Applicant's contribution with respect to its accounting as a CAC advance or a CIAC contribution, clarifying the difference in accounting if the applicant or the utility performs the work. Please treat trenching as a special example.
- c. Sheet 3, Paragraph B3 (Installation Options). Please clarify the treatment of the Applicant's contribution with respect to its accounting as a CAC advance or a CIAC contribution, clarifying the difference in accounting if the applicant or the utility performs the work. Please also clarify whether the reference to the Utility's design specification in this paragraph should be viewed as a general rule applicable to all Applicant performed work.
- d. Sheet 6, Paragraph D8a (Payment Adjustments). Please clarify the treatment of the Applicant's contribution if the Applicant fails to use the contracted service, clarifying the difference in accounting with respect to its accounting as a CAC advance or a CIAC contribution. Does CAC convert to CIAC in these circumstances? If so please provide a numerical example. If not, please explain in what circumstance does CAC convert to CIAC and provide a numerical example of this accounting treatment;
- e. Sheet 7, Paragraph E6 (Unsupported Extension Cost). Please clarify if this paragraph, regarding refundable amounts, refers solely to CAC advances and not to CIAC contributions. Also clarify if the "Ownership Charge" that the Applicant will pay on "the remaining refundable balance" is the same "Ownership Charge" as appears on page AMS-13 of Ex. SCG-41? If not, what is the difference between the two?

SOCALGAS Response 01:

1a. With respect to SoCalGas Tariff Rule 20: Sheet 1, Paragraph A3 (Special or Added Facilities), the Applicant's contribution is treated as a CIAC contribution and recorded as a credit to CWIP to offset the costs incurred for the project. SoCalGas performs all work for special or added facilities.

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SOCALGAS Response 01 Continued:

1b. With respect to SoCalGas Tariff Rule 20: Sheet 2, Paragraphs B1 and B2 (Installation Responsibilities), the Applicant's contribution is treated as a CAC advance related to the work identified as utility responsibility and recorded to a CAC liability account. The costs related to Applicant responsibility would be considered CIAC and non-refundable per Rule 20 sheet 6 D.6.c. SoCalGas will usually perform all of this type of work. The Applicant may elect to perform the trenching, and if qualified for an extension allowance, a reimbursement/credit will be provided by SoCalGas.

1c. With respect to SoCalGas Tariff Rule 20: Sheet 3, Paragraph B3 (Installation Options), if SoCalGas agrees to perform the Applicant responsibility requirements, as noted in response 1.b. above, costs related to the Applicant responsibility functions would be considered CIAC and non-refundable. The Applicant may elect to install the new extension in accordance with the Utility design and specifications, using qualified contractors. When the Applicant elects to install, the Applicant effectively selects to utilize competitive bidding (see Paragraph G) and the new extension would be installed by the Applicant's qualified contractor or subcontractor in accordance with the Utility's design and specifications. As stated in Rule 20, section G, the Applicant shall pay to the Utility, subject to the refund and allowance provisions of Rule 20 and 21, the Utility's estimated cost of work performed by Utility for the Gas Main Extension, including the estimated costs of design, administration, and installation of any additional facilities. This amount would be treated as CAC. The Utility's design and specifications from section F and G of Rule 20 would be viewed as a general rule applicable to all Applicant performed work under Rule 20.

1d. With respect to SoCalGas Tariff Rule 20: Sheet 6, Paragraph D8a (Payment Adjustments), if a payment adjustment is required based on section D8 of Rule 20, a bill for the calculated difference will be provided to the Applicant. This amount will be treated as a CAC advance (recorded to a CAC liability account) and refunded at the end of the project depending upon the amount of allowances attributable to the project. CAC does not convert to CIAC.

1e. With respect to SoCalGas Tariff Rule 20: Sheet 7, Paragraph E6 (Unsupported Extension Cost), the refundable amounts refer solely to CAC advances. The ownership charge the Applicant will pay on the remaining refundable balance is the same ownership charge as appears on page AMS-13 of Ex. SCG-41-R.

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2. How do the total Ownership Charges on page AMS-13 of Ex. SCG-41 relate to the amount of CAC to CIAC conversion? Do the total Ownership Charges comprise a portion of the amount of CAC to CIAC conversion or do the latter comprise a portion of the former? Please now supply a working spreadsheet which presents historical data of annual Ownership Charges and CAC to CIAC conversion amounts from 2013 to 2016. The spreadsheet should also contain a tab which clarifies the historical relation between Ownership Charges and CAC to CIAC conversion amounts.

SOCALGAS Response 02:

As stated in response to Question 1d, SoCalGas does not transfer CAC to CIAC.

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3. Where in SCG's testimony is the amount of CAC to CIAC conversion treated?

SOCALGAS Response 03:

See response to Question 2.